GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:482
ANSWERED ON:20.04.2001
SLOWDOWN IN INDUSTRIAL GROWTH
SUNIL KHAN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Mid -Term Appraisal of the Ninth Five Year Plan of the Planning Commission has diagnosed the causes for slowdown in industrial growth:

(b) if so, the details thereof;

(c) the steps taken to monitor these causes; and

(d) the extent to which they have checked the slowdown of industrial growth?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY (Shri Murasoli Maran)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.482 FOR ANSWER ON 20.4.2001

(a) & (b) Yes, sir. The Planning Commission, in its Mid -Term Appraisal report of the Ninth Five Year Plan, has given the following reasons for slow down in industrial growth, to quote

`Slackening in aggregate demand due to:

(a) Falling export growth due to overall slump in world trade.

(b) Erosion in competitive advantage of Indian exports on account of steep depreciation of South East Asian currencies.

(c) Decline in rural demand owing to low agricultural output in 1997-98.

pre> Â§ Slow off-take of actual investment in infrastructure projects. Â§ Inadequacy of funds due to continuing sluggishness in capital markets (primary as well as secondary). Â§ Persistence of infrastructure bottlenecks`.

(c) & (d): Performance of industrial sector is dependent upon several internal and external factors. The Government has initiated inter-alia, the following steps to improve efficiency and boost industrial growth:

Â§ Basic custom duty in case of raw materials and intermediate goods has been reduced.
Â§ Excise duty has been rationalized, with one rate of Cenvat and one rate of SED.

Â§ Budgetary provisions under Technology Upgradation Fund Scheme (TUFS) have been raised to speed up the modernization of textile.
Â§ Interest rate on small savings has been reduced.
Â§ RBI has reduced Cash Reserve Ratio and Bank Rate to increase liquidity and reduce the lending cost.
Â§ In the new EXIM policy, care has been taken to ensure level playing field to domestic producers vis-a-vis imports.
Â§ Proposals have also been made for suitable legislative changes to improve the operating environment for industry.